

First Santa Fe Advisors, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of First Santa Fe Advisors, LLC (“FSFA” or the “Advisor”). If you have any questions about the contents of this brochure, please contact us at 505-992-2426. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FSFA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes – Item 2

The material changes listed below are applicable since the last annual update of First Santa Fe Advisors (“FSFA”) brochure in March of 2014.

In February of 2014, the parent company of FSFA changed its name to First National Bancorp, Inc. (“First National”). Additionally, two affiliated banks of FSFA were merged into the First National Bank of Santa Fe. Those banks were Mile High Banks and Bank of the Rio Grande, N.A. Finally, First National Bank of Santa Fe’s name changed to First National Santa Fe. It has two subsidiary banks named First National Denver, formerly known as Mile High Banks and First National Rio Grande, formerly known as Bank of the Rio Grande, N.A.

In April of 2014, the managing directors of FSFA, David E. Marion, Kristina E. Alley and David B. Kantor, resigned to form a Santa Fe based investment advisory firm. William Zaleski was appointed managing director of FSFA and will be supported in daily operations by Eric Letendre, a chartered financial analyst. Barbara Backman was appointed as Chief Compliance Officer.

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Advisory Business – Item 4

The Advisor was founded in March of 2007, registered as an investment adviser with the SEC in June of 2007, and is wholly owned by First National, formerly FNB. First National is a wholly owned subsidiary of Bancorp. Bancorp is a bank holding company based in El Paso, Texas and is controlled by Strategic Growth Bank Incorporated. Strategic Growth Bank Incorporated is a bank holding company based in El Paso, Texas and is principally owned by William D. Sanders and his family and Southwest Banking Partners, L.P.

FSFA provides the following advisory services:

Investment Advisory Services

Our Philosophy

We see ourselves as fiduciaries of our client investment portfolios with responsibility for maintaining an investment approach that is active, coherent and prudent. We work carefully with our clients to understand their investment objectives, risk tolerance, time horizon, restrictions and other factors that affect their investment needs. We expect to have a thorough understanding of client goals, concerns and financial situations. This understanding is developed through meetings held in person, over the telephone or by written correspondence. Furthermore, our interests should always be aligned with and subordinate to those of our clients.

Client service and a positive client experience are critical to the advisory services provided to our clients. Clients receive clear and frequent communication about their investment portfolios. We also believe that in-depth reporting is an essential aspect to our client service.

Investment Strategy

FSFA is an absolute return-oriented manager of global investment portfolios. Our client portfolios are diversified across asset classes, geographic regions and investment style. We take a view on the attractiveness of major asset classes and update our view based on changing conditions and prices. Through our proprietary manager evaluation process, we determine attractive investment vehicles with which to express our view. We seek and evaluate investments on the basis of their effect on client portfolios as a whole. Our current allocation decisions may deviate considerably from our strategic portfolios as we seek to capitalize on asset price dislocations. In our view, diversification provides superior risk-adjusted investment returns. Risk is viewed at the portfolio level as well as at the individual investment level.

Research Process

FSFA constructs portfolios using managed and un-managed investments including mutual funds, exchange traded funds (“ETFs”), separately managed accounts and alternative managers (“hedge funds”). We only recommend investments that are collective investment vehicles or separately managed accounts.

FSFA performs due diligence on all third-party investment managers, including the managers of hedge funds, prior to recommending or utilizing these managers in client accounts. Manager screening begins with a quantitative assessment of performance and consistency criteria, including past relative and absolute investment returns, style drift, drawdowns, and volatility. Initial qualitative screening includes a preliminary assessment of the management team, its strategy, tenure, expertise, investment philosophy and process, the repeatability of investment approach, risk management, and operations. Managers that pass these initial screens are normally interviewed either in person or via conference call, during which we seek to verify the initial qualitative assessments noted above. Active managers with significant investment discretion are generally subject to in-person interviews. Less-regulated investments such as hedge funds and other alternative managers require additional operational due diligence including review of custodian, auditor, prime broker(s), and administrator. After a manager is selected, we institute a regular monitoring process, including telephone calls, visits, and continuing analysis of the manager’s investment returns.

Portfolio Construction

Every client portfolio is managed according to an Investment Policy Statement (“IPS”), which is agreed upon with the client at the beginning of the relationship. Then FSFA determines an appropriate asset allocation consistent with the client’s investment objectives as described by the IPS. FSFA will also advise institutions that may have a pre-existing or proprietary investment policy statement. The IPS is regularly reviewed and amended as necessary through ongoing communications with the client. The resulting client portfolios reflect FSFA’s global view and manager due diligence process, while focusing on the investment objective and risk tolerance of the client. While we will consider the tax implications of specific investment decisions, total rate of return and risk management objectives will take precedence over tax management. Portfolios are monitored and adjusted based on changing market and economic conditions.

FSFA maintains a limited number of risk based portfolios that are used as guidelines for client portfolios. These portfolios are broadly titled Growth, Moderate, Balanced, Conservative and Capital Preservation. This terminology may change based on market conditions and generally understood investment terminology. Client portfolios may deviate considerably from the guideline portfolios based on specific needs or restrictions. Furthermore, client portfolios may be fully customized, as determined necessary, based on client objectives or restrictions.

FSFA does not participate in any wrap fee programs.

As of December 31, 2013, FSFA managed \$90,595,000, on a non-discretionary basis on behalf of approximately 108 clients. As of December 31, 2013, FSFA managed \$86,883,000, on a discretionary basis on behalf of approximately 79 clients.

Fees and Compensation – Item 5

FSFA, in providing its portfolio management services to clients, selects investments for the client in an account or accounts established by the client, and performs the other functions specified by the client in the investment management agreement.

Clients pay an investment management fee to FSFA for the services provided under the investment management agreement, calculated and paid monthly in arrears as a percentage of the average fair market value of the assets in the account(s) for the month in question. The fee percentage, expressed as an annual rate, is displayed in the tables below. Fair market value shall be determined in good faith by FSFA, and may include accrued income. In valuing investments in limited partnerships and other collective investment vehicles, FSFA may use the most recent valuation obtained from the administrator / recordkeeper or the estimated valuation obtained from management of the investment vehicle for this purpose. Investment management fees are deducted from the client account(s). In special situations, subject to FSFA agreement, clients may be billed for investment management fees.

In addition to FSFA's investment management fee, underlying investments such as exchange traded funds, mutual funds, real estate investment trusts and other collective investment vehicles, separate accounts, and hedge funds and other private investment vehicles carry fees and expenses that are charged by the manager of the underlying investment and other service providers. In addition, a client may be subject to the other fees and costs which apply to an investment account, such as custodial fees, securities broker-dealer commissions, and transaction charges.

Fee Schedules

Below are FSFA's standard fee schedules. In specific situations, fees may also be negotiated.

Discretionary	Fee
On the first \$1 million	1.00%
On the next \$4 million	0.75%
On the next \$5 million	0.55%
On amounts over \$10 million	0.35%

The minimum annual management fee is \$7,500.

Non - Discretionary	Fee
On the first \$1 million	1.25%
On the next \$4 million	1.00%
On the next \$5 million	0.75%
On amounts over \$10 million	0.50%

The minimum annual management fee is \$10,000.

Neither FSFA nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds.

Performance Based Fees and Side-by-Side Management – Item 6

FSFA does not charge any performance fees.

Types of Clients – Item 7

FSFA primarily provides customized investment management services to individuals, high-net-worth individuals, families, corporations, trusts, institutions and charitable organizations.

The Advisor generally requires a minimum of \$1,000,000 of assets under management for each client. In certain circumstances, minimum assets under management requirements may be negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss –

Item 8

Investment Strategy and Research Process

FSFA does not actively trade in individual equities or fixed income securities. Rather, the Advisor typically allocates clients' assets among mutual funds, exchange traded funds, unregistered investment funds ("hedge funds") and separately managed accounts that are managed by unaffiliated third-party money managers. The Advisor may offer advice about specific investment managers who specialize in various disciplines, including, but not limited to domestic and international equities, fixed income (including high yield, international and investment grade), alternative strategies such as global macro and real estate, and cash management. The Advisor may also recommend investments in hedge funds which invest in venture capital, private equity, and other hedge funds.

FSFA's investment strategies are primarily long-term in scope and include using investment managers with different investment disciplines. Recommendations for changes to client portfolios will be made periodically. However, consideration will be given to various factors affecting the proposed change so to keep the client's best interests in mind. Further, periodic rebalancing of client portfolios will be conducted to keep asset allocations within a reasonable range of the stated objective.

FSFA performs due diligence on all third-party investment managers, including the managers of hedge funds, prior to recommending or utilizing the third-party investment managers in its client accounts. The first step of manager screening begins with a quantitative assessment of performance and consistency criteria, including past relative and absolute investment returns, style drift, drawdowns, and volatility. Initial qualitative screening includes a preliminary assessment of the management team, its strategy, tenure, expertise, investment philosophy and process, the repeatability of investment approach, risk management, and operations. Managers that pass these initial screens are normally interviewed either in person or via conference call, during which we seek to verify the initial qualitative assessments noted above. Active managers with significant investment discretion are generally subject to in-person interviews. Less-regulated investments such as hedge funds and other alternative managers require additional operational due diligence including review of custodian, auditor, prime broker(s), and administrator. After a manager is selected, we institute a regular monitoring process, including telephone calls, visits, and continuing analysis of the manager's investment returns.

Risks

The following is an overview of the risks related to the Advisor's investment strategy and is not intended to be complete. All investing involves a risk of loss and the investment strategy offered by the Advisor could lose money over short or long periods. The following are certain risks applicable to advisers that select third-party investment managers to manage a portion of its clients' underlying assets:

Hedge funds and other unregistered private investments may not be suitable for all investors, may present significant risks and may be sold or redeemed at more or less than the original

amount invested. Private investments are offered only by offering memoranda, which more fully describe the possible risks. Suitability requirements must be met for investments in unregistered investments such as hedge funds.

No Registration. Underlying hedge funds will not be registered as investment companies under the Investment Company Act of 1940 (the “1940 Act”) and, therefore, the clients will not be entitled to the various protections afforded by the 1940 Act with respect to its investments in hedge funds. Accordingly, the provisions of the 1940 Act, which, among other things, require investment companies to have securities held in custody at all times in segregated accounts and regulate the relationship between the investment company and its asset management, are not applicable to an investment in hedge funds. Unlike registered investment companies, hedge funds generally are not obligated to disclose the contents of their portfolios. This lack of transparency may make it difficult for the Advisor to monitor whether holdings of the hedge funds cause the clients to be above specified levels of ownership in certain asset classes. Although the clients expect to receive information from each hedge fund regarding its investment performance on a regular basis, in most cases there is little or no means of independently verifying this information. A hedge fund may use proprietary investment strategies that are not fully disclosed to its investors and may involve risks under some market conditions that are not anticipated by the client.

Hedge funds may not allow withdrawals and may distribute securities instead of cash. Hedge funds may be permitted to redeem their interests in-kind. Thus, upon the client’s withdrawal of an interest in a hedge fund, it may receive securities that are illiquid or difficult to value.

Hedge funds may be illiquid. As the client may make additional investments in or effect withdrawals from a hedge fund only at certain times pursuant to limitations set forth in the governing documents of the hedge fund, the client may have to invest a greater portion of its assets temporarily in money market securities than it otherwise might wish to invest and may have to borrow money to repurchase units. The redemption or withdrawal provisions regarding the hedge funds vary from fund to fund. Therefore, the client may not be able to withdraw its investment in a hedge fund promptly after it has made a decision to do so. Some hedge funds may impose early redemption fees. This may adversely affect the client’s investment return or increase the client’s expenses and limit the client’s ability to make offers to repurchase units.

Portfolio funds may be difficult to value. The valuation of the client’s investments in hedge funds is ordinarily determined based upon valuations calculated by the third-party adviser. Although the Advisor reviews the valuation procedures used by the portfolio funds, the Advisor may not be able to confirm or review the accuracy of such valuations. The Advisor may face a conflict of interest in assigning a value to hedge funds, since the hedge funds’ values will affect the Advisor’s compensation. Furthermore, revisions to a hedge fund’s gain and loss calculations will be an ongoing process, and no appreciation or depreciation figure can be considered final until the audits of the hedge fund has been completed.

Disciplinary Information – Item 9

FSFA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Advisor or its personnel.

Other Financial Industry Activities and Affiliations – Item 10

Bancorp and Strategic Growth Bank Incorporated are bank holding companies. First National is a federally chartered bank holding company that owns 100% of the common stock of the First National Santa Fe and First Santa Fe Insurance Services, a bank and an insurance agency, respectively. FSFA has additional affiliates due to common ownership by Bancorp. Those affiliates are Capital Bank, SSB and Strategic Lending Group Incorporated, each of which is a banking institution. FSFA clients may use the services of these affiliated entities. However, they are not selected by FSFA, and FSFA does not believe that there are any material conflicts associated with these affiliations.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Item 11

The Advisor may recommend that clients invest in hedge funds, mutual funds, and other securities in which the Advisor, its affiliates, or its employees' assets are also invested. To avoid any potential conflicts of interest involving personal trades, the Advisor has adopted a Code of Ethics (the "Code"), which includes a formal code of ethics and insider trading policies and procedures. Advisor's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Advisor above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to report personal securities transactions on at least a quarterly basis and provide the Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. Transactions in initial public offerings and private placements, including interests in private investment funds, require pre-clearance.

Clients and prospective clients may obtain a copy of the Code by contacting Ms. Barbara Backman (FSFA's Chief Compliance Officer ("CCO")) via phone at (505) 992-2348.

Brokerage Practices – Item 12

FSFA does not actively trade in individual equity or fixed income securities. The third-party investment managers recommended by the Advisor select the brokers through which they trade.

The Advisor offers both discretionary and non-discretionary client agreements. In the case of the non-discretionary client agreements, FSFA does not have the exclusive authority to determine the securities purchased or sold and the amount of securities to be purchased or sold for the client account. Under both types of the Advisor's agreements, the client has the authority to choose the custodian for their account.

The Advisor, through its affiliate, First National Santa Fe, has negotiated favorable commission rates and terms with Bank of New York Mellon ("BONY") and a portion of the Advisor's clients use BONY to execute transactions in ETFs and individual equities, when applicable. First National Santa Fe has negotiated favorable terms with Fifth Third Bank for mutual fund transactions. Additionally, the Advisor has negotiated favorable commission rates and terms with Fidelity Institutional ("Fidelity"). A portion of the Advisor's clients use Fidelity to execute transactions in individual securities such as mutual funds, ETFs and individual equities, when applicable. To the extent possible, the Advisor will seek to aggregate client transactions. Typically, eligible clients participate in investments in mutual funds, exchange traded funds, hedge funds, and separate accounts on a pro rata basis. Certain investments may not be appropriate for all FSFA clients and, as such, shall only be offered to those clients that have investment guidelines consistent with the investment.

While FSFA does not actively trade in individual equity or fixed income securities, clients of FSFA may have legacy positions in their accounts. FSFA generally expects to make decisions regarding the sale of such legacy positions, as appropriate, based on the individual client objective and other considerations, as applicable. FSFA shall execute these transactions through either BONY or Fidelity, as applicable and described above. Although the commissions and/or transaction fees paid by FSFA's clients shall comply with FSFA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where FSFA determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the execution capability, commission rates, and responsiveness.

Accordingly, although FSFA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker dealer/custodian are exclusive of, and in addition to, FSFA's investment advisory fee.

Review of Accounts – Item 13

All client accounts are reviewed, at least, annually. The account reviews are performed by the relationship team responsible for each client account. Each client account will also be reviewed whenever the Advisor is informed by the client of any changes in the client's circumstances or when the Advisor believes market conditions or other factors warrant such review. Since individual requirements for each client may vary considerably, the Advisor will consider requests for more frequent reviews of client plans.

One or more of the following individuals is a member of each client's relationship team and reviews the accounts subject to each client relationship.

William Zaleksi, Managing Director, FSFA
Eric Letrende

FSFA's Investment Committee conducts regular performance dispersion reviews for client accounts. Performance dispersion reviews compare the performance of accounts with similar investment objectives to consider average performance for the group and identify accounts with performance outside of the range or other exceptions.

Clients receive a summary report of their account on a quarterly basis or more frequently as agreed, showing performance for the period and performance since inception of the advisory relationship. These reports will be in addition to any periodic statements received from the relevant custodians, brokerage firms, investment administrators, third-party investment managers or funds.

Client Referrals and Other Compensation – Item 14

From time to time, Advisor may enter into solicitation agreements with individuals who are affiliated with the Advisor whereby investment advisory accounts are solicited for Advisor. These agreements require that the solicitor perform his duties in accordance with the Investment Advisers Act of 1940 and appropriate state regulations and that the solicitor provide information concerning the compensation relationship between themselves and the Advisor to each prospective client. FSFA does not have any solicitation agreements.

Custody – Item 15

FSFA maintains authority to directly debit fees from its clients' accounts. Additionally, affiliates of the Advisor may serve as the trustee and/or the custodian for certain client accounts. For these reasons the Company is considered to have custody of client assets. The clients' respective custodians send statements directly to the clients on, at least, a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by FSFA. Clients should notify the Advisor if they are not receiving custodial statements, at least quarterly, from the relevant custodian, brokerage firms, investment administrators and/or third party investment managers.

Investment Discretion – Item 16

The Advisor may maintain discretionary authority over client accounts as described by the relevant investment management agreement. For discretionary authority, the Advisor is appointed as investment advisor with respect to all assets held from time to time in the applicable account(s), with full discretionary power and authority, without prior consultation with the client, to invest and reinvest the assets in the account(s). The Advisor shall invest in accordance with any objectives, limitations and restrictions specified in the IPS agreed separately with the Client. An investment's compliance with the IPS shall be determined at the time of the investment's purchase, based upon the price and the characteristics of the investment known to the Advisor on the date of purchase.

Voting Client Securities – Item 17

The Advisor will not exercise proxy voting authority over client securities. The obligation to vote client proxies shall at all times rest with the client. Clients should receive all proxies and other solicitations directly from their respective custodians or transfer agents, as applicable. Clients shall in no way be precluded from contacting the Advisor for advice or information about a particular proxy vote. However, FSFA shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

Should FSFA inadvertently receive proxy information for a security held in a client's account, then the Advisor will immediately forward such information on to the appropriate client, but will not take any further action with respect to the voting of such proxy. Upon the termination of its Agreement with a client, the Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Advisor on behalf of the client to the forwarding address provided by the client.

Financial Information – Item 18

FSFA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.